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Hule-Tide Greeting

By STANLEY ADAMS

New York Office

**Hule-tide songs of gladness
Are ringing in our ears,
Hailing one more Birthday
In the never-ending years.
Joining in the chorus
From every land and clime,
We wish you all much happiness
This joyous Christmas time.**

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The Oldest Firm Name in New York

IN 1926, Lord & Taylor will celebrate its hundredth anniversary. Already, though short of the full cycle, it has achieved the honor of bearing the oldest firm name in the city, for "Lord & Taylor" has hung unchanged above the door of each succeeding shop since the founding of the business nearly a century ago.

When that firm name first saw the light, New York was a very different place from the present city. The fine residential district lay along the East River, bounded approximately by the terminals of the Brooklyn and Manhattan Bridges as they stand today, and by the Bowery. The Battery was the fashionable promenade, while the site of the present Lord & Taylor store was a peaceful green hillside. People journeyed to Philadelphia by stage coach, a sixteen hour trip, for travel by rail and steamboat was as yet dangerous and uncertain. The first Sunday newspaper was published in 1825, a year before the opening of the Lord & Taylor store, but the venture soon failed for lack of patronage in the conservative community that was then

New York. There were two paved streets, cisterns supplied water for cleansing purposes, and drinking water was peddled from door to door for a few cents a bucket, the source being the old Teawater pump. The city could boast of only one well-established hotel, and there was only one theatre. Slaves were advertised in the

newspapers and sold in various sections of the city, lotteries were drawn in City Hall Park, doctors bled their patients with Portuguese leaches. The author of the Declaration of Independence, and many of the other famous statesmen of the young Republic were still living. And with what a lessened concern



Original Lord & Taylor Store

could one regard the living problem! Butter was nine cents a pound, Virginia ham sold for ten cents, and fine Sherry and Port were worth only a dollar and a half a gallon. Coal was given away free in an attempt to coax people to use it.

In 1825, New York's great jail, the Bridewell, the predecessor of the present Tombs, was managed by George Washington Taylor. The post of warden of this great prison was one

of honor and trust. Taylor was thoughtful and considerate of his charges, and the story goes that through appreciation of this kindness, a grateful prisoner put him in possession of information that enabled him to arrest a European thief and secure a large reward. With the money so obtained, in partnership with Samuel Lord, who for some years had run a blacksmith shop and an iron foundry in the city, a dry goods store was established under the firm name of Lord & Taylor. So it came about in March, 1826, that the name of Lord & Taylor appeared over a small three-story shop in Catharine Street.

The opening was quite an event, we are told. Both partners were prominent in the city, and there was a trip abroad on a fast twenty-day ship to bring back English woolens and French satins, wadded silk coats, kid shoes, laces and shawls. Moreover, the shop employed twelve clerks, a noteworthy increase over the usual "master and boy" personnel, and there was actually one man to walk up and down the shop and do nothing else but to see that the customers, who drove down in coaches or open barouches, were served promptly by some one of the wonderful twelve.

This combination of merchandise, service and modern ideas proved successful, for in six years it was necessary to annex the adjoining building. Another six years and both small stores had been outgrown, and the business moved to a four-story building on Catharine Street, a block nearer the Bowery. The Bowery was then in the lead as the great commercial street of town, and the young organization showed the trend of its future policy by following in its moves the course of shifting population and trade. In this year George Washington Taylor died, and was succeeded in the firm by his son, James Taylor.

Fifteen years later the business had again outgrown its quarters, and a

move was made into a building especially erected for Lord & Taylor, at 255-261 Grand Street. This remained a Lord & Taylor store until 1902, increased by various properties adjoining, although in 1859, six years later, another building had to be erected to help house the fast growing business. Here, once more, the firm followed fashion and trade. Broadway had now won precedence over the Bowery as the great business street, so Lord & Taylor turned its back on the failing district and advanced to the point where the conqueror, Broadway, crossed another great thoroughfare, Grand Street.

At this time, a son of Samuel Lord, John Taylor Lord, joined the firm, and a little later, in '65, at the close of the Civil War, the two other sons, George Washington Taylor Lord and Samuel Lord, Jr., took control of the business, while the original founder and his son, and an associate, John S. Lyle, retained supervision as special interest.

In 1872, the Broadway and Grand Street site was supplemented by a branch store at Broadway and 20th Street, the building which the name Lord & Taylor usually brings to mind for people of the present generation. This was New York's first iron-framed building, five stories high and considered a model of elegance and comfort. There is a drawing in the chief executive's office at the present store, showing the elevator which was installed in this new building. A solemn-faced youth pulls the thick cable, while a small boy gazes at him enchanted, and the ladies in bustles and ruffles and shawls and high flowered bonnets are disposed about the car in attitudes of careful repose, as if the trip to the fourth floor were to last for several hours. The description underneath the pictures states that the car "operates with perfect ease and safety; is as luxurious as the grand salon of the first class steam-

boats, and is saving the strength in shopping altogether incalculable to anyone outside of a city, in which altitude, rather than ground space, is the principal architectural consideration."

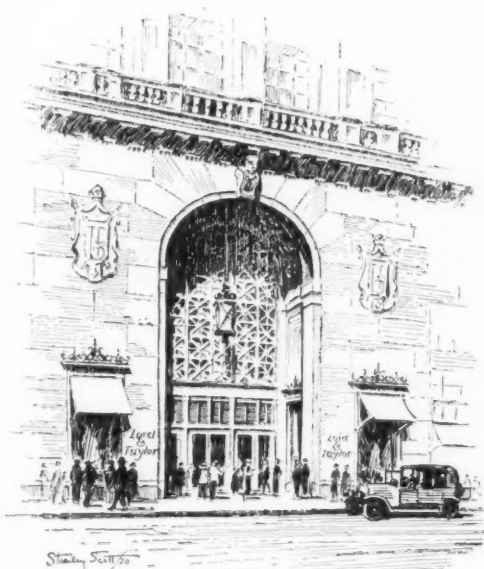
The business of the stores increased as the years went by. Several buildings along 19th and 20th Street were annexed, and finally the store broke through to Fifth Avenue. Then it was decided to establish the business there altogether. This was done in 1914, when they moved to the location now held by them.

Shortly after the opening of the Broadway and 20th Street store, Edward P. Hatch joined the firm, and became increasingly important in it until from 1895 to 1909 he held the reins alone. In 1904, he incorporated the firm

as a stock company, keeping the controlling number of shares himself, but at his death in 1908 not all of his heirs were willing to retain their interest in the firm, so a control in the business was bought by the same interests which still continue their ownership. In 1914, at the outbreak of the World War, Samuel W. Reyburn became Treasurer of the company, and in 1916 he was elected President, which office he now holds, as well as that of General Manager.

The present store at 38th-39th Streets and Fifth Avenue was occupied in February, 1914. The ground and the structure erected on it were leased from the Burton Brothers, a queer circumstance which results in one of the oldest retail firms in the country having for its landlord one of the oldest wholesale firms, and one from which Lord & Taylor has long purchased merchandise. The new

store when built seemed huge, but in six years, space in it is almost at a premium. It was then, and still is, one of the finest and most complete department store buildings. Members of the organization take much pleasure and pride in their physical surroundings, and their pride extends down into the very ground on which the store is built,



Entrance to Present Lord & Taylor Store

for it stands upon an historic site, the scene of a Revolutionary battle.

This was the battle of September 15th, 1776, the day after General Howe's victorious attack on the Continental Army at Brooklyn Heights. Washington, determined to get time and space to rally his raw troops, slipped with them by night across the river to Manhattan, leaving watchfires burning and sentinels posted to deceive the British commander. As soon as daylight disclosed the ruse,

Howe took boats and pursued, landing at Kip's Bay—now the eastern end of 34th Street—in an effort to cut off the Continentals, who were moving from the south end of the island. The clash came quickly, and the Continental troops, frightened by Howe's heavy artillery, retreated to the nearest high ground—the hill on the Robert Murray estate—the present Murray Hill—the site of the present Lord & Taylor store. Here they defended themselves as best they could. Washington at the upper end of the island heard the cannonading, and galloping southward, he burst among his troops, rallied them, and started them on an orderly retreat to the battle ground he had been preparing at Harlem Heights. The British were instructed to hamper their retreat, and might have made matters much worse for our army had not Mrs. Murray, the mistress of the estate, put her pride in her pocket and her loyalty in hid-

ing and fought a little battle of her own. She offered the British General cakes and wine, and a cool seat under the trees, with much sprightly conversation. Fatigued as they were with the morning's skirmish, she held them there minute after minute, while the Colonial troops plunged into the swamps that lay north of the present 42nd Street, and finally emerged safely at Harlem Heights. Here, with Nature offering them fortification, they fought and won a great battle during the following week.

With the store building anchored on the very rocks that made history, with a firm name the oldest in the city, and a business in active continuous operation for nearly a century, it is not at all unnatural that the Lord & Taylor organization should feel itself fundamentally American, and that it should take seriously the traditions and ideals that have brought it to its present state of development.

Changes in the Revenue Laws Effected by the Revenue Act of 1921

By E. E. WAKEFIELD, JR.

(Boston Office)

THE Revenue Act of 1921, approved by the President on November 23, 1921, at 3:55 P.M., is in large part a re-enactment of the Revenue Act of 1918. There are many changes scattered all through the new law, however, and it is not safe to assume without consulting the new act that any section of the 1918 Act remains unaffected.

The changes made in the law fall naturally into three general classifications as follows:

1. Fundamental changes in rates and in basis of the tax.
2. Remedial changes intended
 - (a) to embody in the new law interpretation of the old law by

the Treasury Department and the courts,

- (b) to stop so-called "leaks" because of which the old law did not produce the revenue intended,
- (c) to alleviate the effect of rulings of the Treasury Department interpreting adversely to the taxpayer provisions of the earlier laws.

3. Administrative changes.

It would be very interesting to classify the changes in the law under the headings just suggested, and to study the tendencies in tax legislation thus indicated. For the purpose of this article, however, it will be more useful to mention by particular subjects the

principal changes in the taxation of income effected by the new law.

There are three principal dates as of which the provisions of the new law are effective: (1) January 1, 1921; (2) the date of passage of the Act, November 23, 1921; (3) January 1, 1922. In the following comments it may be assumed that changes mentioned are effective as of January 1, 1921, unless otherwise specified.

References to the law are, unless otherwise specified, to titles and sections of the Revenue Act of 1921.

Excess Profits Tax

The principal change made by the new law in the taxation of corporations is the repeal of the excess profits tax as of January 1, 1922. For the year 1921, the provisions of the 1918 law are re-enacted without substantial change. (See Title III.)

Corporation Income Tax

The corporation income tax remains for 1921 at 10%, but for 1922 and thereafter the rate is 12½%. (Sec. 230.)

Surtax

Surtax rates for 1921 remain unchanged. (Sec. 211 (1).) For 1922, rates are in general decreased, the maximum rate being reduced to 50% applicable to income in excess of \$200,000. (Sec. 211 (2) (a).) The maximum surtax rate on gains from sale of mines and oil or gas wells is reduced to 16% after 1921. (Sec. 211 (2) (b).)

Capital Gains

An entirely new provision of the law, effective from January 1, 1922, is contained in Section 206, entitled "Capital Gains," and applicable to taxpayers other than corporations. Under this section, gain from the sale or exchange of "property acquired and held by the taxpayer for profit or investment for more than two years (whether or not connected with his

trade or business)" is, at the election of the taxpayer, segregated from other income, and taxed at a rate of 12½%; but if this option is taken, total tax shall not be less than 12½% of total net income. Capital losses must be offset against capital gains.

Net Losses

By Section 204 of the new law, the provision of the Revenue Act of 1918 allowing claim for net losses applicable under that Act only to losses suffered in taxable years ended October 31, 1919, November 30, 1919, and December 31, 1919 is revived, and with some modification as to meaning of "net loss" is made a permanent feature of the law, beginning with the taxable year 1921 or fiscal years ended in 1921. The net loss may be applied in reduction of income of the next succeeding taxable year, and if not completely absorbed by such income, the balance may be applied in reduction of income of the second succeeding year.

Personal Service Corporations

After 1921 personal service corporations will be taxed like other corporations. (Sec. 218 and Sec. 1332.)

Exemptions

Corporations: In the case of corporations with taxable income in excess of \$25,000, the specific exemption of \$2,000, is not allowed.

If, however, income is over \$25,000, the income tax shall not be greater than an amount calculated with the exemption of \$2,000, plus the amount of the net income in excess of \$25,000. (Sec. 236 (b).)

Individuals: The personal exemption of individuals, if married or head of family, is increased to \$2,500, if income of individual or husband and wife together does not exceed \$5,000. If income exceeds \$5,000, the tax shall not exceed the tax calculated with an exemption of \$2,500, plus the excess of net income over \$5,000. Ad-

ditional exemptions for dependents are increased to \$400 for each dependent. (Sec. 216.)

Dividends

Tax-free Distributions: The new law explicitly provides that corporations may make tax-free distributions to shareholders by permitting "increase in value of property accrued prior to March 1, 1913" to be distributed tax-free. This provision was doubtless inserted to meet the situation arising from the opinion of the Solicitor of Internal Revenue that under the 1918 Act such distributions are taxable to the stockholders. If a distribution from earnings or profits, or increase in value, accrued prior to March 1, 1913, is made, and the stock is later sold, no loss can be claimed unless, on the usual basis for determining loss under Section 202, cost or value March 1, 1913, exceeds selling price plus the tax-free distribution. (Sec. 201 (b).)

Stock Dividends: If a stock dividend is liquidated by redemption or cancellation of the stock in manner essentially equivalent to distribution of a taxable dividend, the amount received in redemption shall be treated as a taxable dividend (to the extent of earnings or profits accrued since February 28, 1913). (Sec. 201 (d).)

When Dividends Are Income: Taxable distributions to stockholders are income as of the date when the cash or property is "unqualifiedly made subject to their demand." (Sec. 201 (e).)

Calculation of Gain or Loss on Sale or Exchange of Property

Section 202 of the new law has modified very materially the rules for determination of gain or loss on sale or other disposition of property.

Property Received by Gift or Inheritance: Under subdivision (a) (2), property received as a gift on or after January 1, 1921, must be valued for determination of gain or loss on

the same basis as if disposed of by the last previous owner who did not receive the property as a gift.

By subdivision (a) (3), property acquired by bequest, devise, or inheritance, shall be valued for determining gain or loss at the fair market price or value at the date of acquisition.

Basis of Gain or Loss: The provisions of subdivision (b) of Section 202 are declaratory of the recent revision of the articles of Regulations 45 covering gains or losses from sale or exchange of property, (Articles 1543-1570), as affected by *Goodrich vs. Edwards* and other cases in which the Supreme Court of the United States determined that the first test of gain or loss is the relation of cost to selling price. The new law provides that the gain, if any, shall be the excess of selling price over the greater of the two amounts, cost or value March 1, 1913. Similarly, the loss shall be the smaller of the two items, cost or value March 1, 1913, less selling price. If the amount realized is more than cost but less than value March 1, 1913, there is no gain; and if the amount realized is less than cost, but not less than value March 1, 1913, there is no loss. (Sec. 202 (b) (1) (2) and (3) in conjunction with 202 (a).)

No Gain Unless Market for Property: But, even if on the basis just described gain or loss is indicated, there shall be no taxable gain, nor deductible loss on exchange of property, unless the property received in exchange has "a readily realizable market value." (Sec. 202 (c).)

There shall be no gain or loss, even if the property has a readily realizable market value, if property held for investment or for productive use in trade or business is exchanged for property of a like kind, (Sec. 202 (c) (1)); or if on reorganization of a corporation or corporations, new securities are received in exchange for old, (Sec. 202 (c) (2)); or if prop-

erty is transferred to a corporation in exchange for stock without change of proportional beneficial interest and with retention of control indicated by ownership of at least 80% of voting stock, and at least 80% of any other class of stock, (Sec. 202 (c) (3)).

Property received in exchange without gain or loss is held to be substituted for the old property. (Sec. 202 (d) (1).)

Exchange for Money and Property: When property is sold or exchanged and both money and other property are received, then a gain must be figured if the sum of the money received and the property with a readily realizable market value received exceeds the basis for determining gain fixed by Section 202.

Items Excluded From Gross Income

Proceeds of Life Insurance: Proceeds of life insurance paid upon the death of the insured are now excluded from gross income of corporations as well as gross income of individuals. (Sec. 213 (b) (1).)

2% on Tax-free Covenant Bonds: The 2% paid by corporation obligors on tax-free covenant bonds is excluded from gross income, thus reversing the position heretofore taken by the Treasury Department. (Sec. 234 (a) (3).)

Deductions From Gross Income—Corporations—Individuals

Traveling Expenses: Traveling expenses (including the entire amount expended for meals and lodging) when away from home in the pursuit of trade or business are allowed as a deduction from gross income. (Sec. 214 (a) (1).)

Interest: Interest paid to purchase or carry Liberty Bonds and other obligations of the United States issued after September 24, 1917, is deductible only if the bonds were originally

subscribed for by the taxpayer. (Sec. 214 (a) (2) and 234 (a) (2).)

Taxes: Taxes paid on his stock for the taxpayer by a corporation, without reimbursement from the taxpayer, can not be deducted from gross income of the taxpayer (Sec. 214 (a) (3), but the corporation may deduct such taxes if not reimbursed by the stockholder (Sec. 234 (a) (3)).

Losses in Transactions for Profit—"Wash Sales": The practice of "selling for losses" is limited by the provisions of Section 214 (a) (5) under which, if substantially the identical property sold (after November 23, 1921) was purchased within thirty days before or after the date of sales to establish the loss (and not resold before such sale), no loss can be claimed. (Sec. 234 (a) (4) as to corporations.)

Losses by Fire, Storms, etc.: These losses must be included as a reduction of income in the year in which they occur unless the Commissioner decides that income may be best shown by including them in the return of another period. (Sec. 214 (a) (6); Sec. 234 (a) (4).)

Bad Debts: "In the discretion of the Commissioner, a reasonable addition to a reserve for bad debts" may be taken as a deduction, and the Commissioner is permitted to allow the loss on a debt recoverable only in part. (Sec. 214 (a) (7); Sec. 234 (a) (5).)

Depreciation: The statute now, for the first time, mentions recognizes specifically value March 1, 1913, as a basis for figuring depreciation. (Sec. 214 (a) (8); Sec. 234 (a) (7).) Specific mention of that date occurred in the 1918 Act in the paragraph on depletion allowances.

Amortization: The new law fixes March 3, 1924, as the end of the period of three years from the close of the war in which amortization claims may be revised. It also requires that no amortization charge shall be allowed which has not been claimed in the re-

turn for 1921 or a prior year. (Sec. 214 (a) (9); Sec. 234 (a) (8).)

Depletion: The deduction for depletion based on discovery values must not be more than net income without allowance for depletion of the property on which the discovery was made, unless the depletion on discovery value is less than depletion on the basis of cost or value March 1, 1913. (Sec. 214 (a) (10) Sec. 234 (a) (9).)

Contributions: The list of funds to which deductible contributions may be made is somewhat increased, including the American Legion. (See Sec. 214 (a) (11) for details.)

Property Compulsorily or Involuntarily Converted: If property is taken from the taxpayer (as for instance by eminent domain) and compensation is received, the gain must be figured in the ordinary way under the provisions of Section 202, but if the taxpayer proceeds immediately to replace such property either in his own right or through acquisition of 80% or more of the stock of a corporation owning the property replacing the loss, then the taxable gain is reduced in the proportion of the ratio of replacement cost to total reimbursement. (Sec. 214 (a) (12), Sec. 234 (a) (14), also Sec. 202 (d) (2).)

Deductions not allowed Individuals

Beneficiaries: The provisions of Section 215 (b) establish by statute the position already taken by the Treasury Department in Article 347 of Regulations 45 to the effect that the income of a beneficiary can not be reduced by a loss, or deduction from the income of the fiduciary, if, under the laws of the jurisdiction under which the fiduciary acts, such loss or deduction does not affect the income distributable to the beneficiary. (See also Sec. 219 (b) and (e)—phrase "pursuant to the instrument or order governing the distribution".)

Deductions and Credits for Dividends

Corporations may deduct dividends from foreign corporations from gross income, and individuals may credit such dividends to ascertain income subject to normal tax, only if it is shown to the satisfaction of the Commissioner that more than 50% of the gross income of the foreign corporation for the 3-year period ending with the taxable year preceding the declaration of the dividend (or such part of the period as the corporation was in existence) was derived from sources within the United States. (Sec. 234 (a) (6) as to corporations; Sec. 216 (a) as to individuals.)

Credit for Foreign Taxes

By Section 222 (a) (5) as to individuals, and Section 238 (a) as to corporations, credit for foreign income, war profits, and excess profits taxes is limited to that proportion of the tax against which such credit is taken that income from sources without the United States bears to entire net income.

Domestic corporations are allowed by Section 238 (e) to take credit under certain conditions for foreign taxes paid by foreign corporations, the majority of the voting stock of which is owned by such domestic corporation.

Insurance Companies

Under Sections 242-3-4-5-6-7 and Section 234 (a) (10) to (13), a new basis for computation of the tax on insurance companies of various classes is provided.

Income From Sources Within the Possessions of the United States

Under conditions prescribed by Section 262 of the Act, gross income of citizens of the United States and domestic corporations is limited to gross income from sources within the United States. The conditions are in general that 50% or more of gross

income shall have been received from active conduct of a trade or business within a possession of the United States, and that 80% or more of gross income shall have been received from sources within such possession of the United States for a period of three years preceding the close of the taxable year. (See also Sec. 217.)

Incorporation of an Individual or Partnership

Under the provisions of Section 229, if a business formerly owned by an individual or a partnership is incorporated within four months from November 23, 1921, it may make its return as a corporation from January 1, 1921, provided net income for 1921 was not less than 20% of invested capital, and provided that a capital stock tax for 1921 shall be paid.

Non-Resident Aliens

The new Act for the first time defines in detail sources of gross income of non-resident aliens and by the same section defines income of citizens entitled to the special provisions of Section 262 in regard to income from sources within possessions of the United States. (See Sec. 217.)

Evasion of Surtaxes

Under Section 220, the basis of taxation in the case of corporate organization used to evade surtaxes on dividends is changed from the attempted tax on stockholders, which was possibly unenforceable under the "stock dividend decision," to a tax of 25% on the corporate income. If all the stockholders agree, however, they may be taxed as if members of a partnership.

Liberty Bond Exemptions

By Section 1328, Liberty Bond exemptions granted under previous statutes are consolidated and the requirement of original subscription to the Fourth or Fifth Loan as a basis of collateral exemptions is abolished.

The total possible exemption of \$160,000 remains unchanged.

Returns in General

Individuals and fiduciaries are now required to make returns, regardless of the amount of net income, if the gross income of the individual or of the beneficiary is \$5,000 or over. (Sec. 223 (b) as to individuals; Sec. 225 (a) (b) as to fiduciaries.)

Return for Period Less than Twelve Months: If a return is made for a period of less than twelve months, it is reduced to an annual basis by multiplying the income by twelve and dividing by the number of months in the taxable period. (Sec. 226.)

Information as to Dividends: Under Section 239 (c) corporations are required to include in their returns information from which the Commissioner may determine the portion of earnings or profits accumulated during the taxable year which has been distributed or ordered to be distributed during such year.

Consolidated Returns

Optional Consolidation: After 1921, domestic corporations which are affiliated may make separate returns, or under regulations of the Commissioner they may make a consolidated return. Whichever basis is selected must be continued, unless changed with the permission of the Commissioner. (Sec. 240 (a).) If a consolidated return is made, only one specific credit will be allowed. (Sec. 240 (b).)

Consolidated Returns for 1917: The ruling of the Treasury Department under the Revenue Act of October 3, 1917, permitting consolidated returns for 1917 is confirmed by Section 1331 of the new law, and consolidated returns are permitted for partnerships, as well as corporations, for the year 1917, for the excess profits tax.

Administrative Provisions

Limitation of Time for Assessments: Assessments under the Act of 1921 must be made within four years after the return was filed. Assessments under the prior acts, including the Act of August 5, 1909, must be made within five years after the return was filed. Except in the case of fraud, suit must be brought within five years after the return was filed. (Sec. 250 (d).)

Objection to Assessment: Notice must be given to the taxpayer by registered mail of any proposed additional assessment, and objection thereto must be made by the taxpayer within thirty days after such notice is sent. Speedy hearing of objections must be given, and after determination of the tax upon such hearing no claim for abatement of the resulting assessment shall be allowed. (Sec. 250 (d).)

Notice of Instalment Due: The Printed instructions on the tax return are sufficient notice of the date when the first instalment of the tax is due. Notice of subsequent instalments by the Collector not more than thirty, and not less than ten, days, before each instalment becomes due is sufficient notice and demand for the tax. (Sec. 250 (e).)

Extension of Time for Payment: The Commissioner is authorized to extend the time for payment of tax where collection would result in undue hardship to the taxpayer for a period not exceeding eighteen months from November 3, 1921. A bond may be required. (Sec. 250 (f).)

Citizen Departing from the United States: In his discretion, in the case of a citizen, the Commissioner may waive any of the requirements as to satisfaction of income taxes for leave to depart from the United States. (Sec. 250 (g).)

Refunds in General: Section 1316*

*In effect from November 23, 1921.

amends Section 3228 of the Revised Statutes to permit claims for refund or credit of any internal revenue tax erroneously or illegally collected, or any penalties so collected, within four years after payment. The provision is retroactive as to refunds of taxes paid under the Revenue Act of 1916, Revenue Act of 1917, and Revenue Act of 1918.

Notwithstanding Section 3228, if examination of any return made under 1909, 1913, 1916, 1917 or 1918 acts shows that excessive amount of income, war-profits or excess-profits tax has been paid, the excess over the amount properly due shall be refunded or credited, provided claim is filed by taxpayer within five years from due date of return (Sec. 252).

Refunds after Five Years: If invested capital is decreased by the Commissioner because of insufficient depreciation in prior years, taxes for such prior years may be adjusted on account of such depreciation, and refunds allowed without limitation as to the time elapsed since the return was filed. (Sec. 252.)

Interest on Refunds and Judgments: By Section 1324,* interest at 6% upon refunds or credits is required to be paid by the Treasury from the day of payment if payment was under protest or upon an additional assessment; otherwise from six months after filing claim for refund or credit. Interest may be allowed on a judgment rendered after November 23, 1921, for any internal revenue tax or penalty erroneously or illegally collected.

Interest on Deficiency: If a deficiency in the amount of tax paid is found, interest on such deficiency must be paid at $\frac{1}{2}\%$ per month, from the date payment was due, but if the deficiency arises from negligence or intentional disregard of authorized rules and regulations with knowledge thereof, but without attempt to defraud, interest shall be at 1% per month and there

shall be a penalty of 5% of the total amount of the deficiency. If the deficiency is due to fraud, the penalty shall be 50% of the deficiency in addition to other penalties for false or fraudulent returns. (Sec. 250 (b).)

Information As to Non-Taxable Income: The requirement of Section 213 (b) (4) of the Revenue Act of 1918 that information as to income from non-taxable securities be given in the return is eliminated from the Revenue Act of 1921.

Compromises: Under Section 1312* the Commissioner is given authority to agree in writing with the taxpayer, with the approval of the Secretary of the Treasury, on a final settlement of taxes due, after which the matter shall not be reopened by the Government or by the taxpayer.

Retroactive Regulations: The Commissioner may provide, with the ap-

proval of the Secretary of the Treasury, that a regulation revising a former regulation, if not occasioned or required by decision of the courts, shall be without retroactive effect. (Sec. 1314.*)

Tax Simplification Board

By Section 1327, a "Tax Simplification Board" is authorized (it has already been appointed) whose duties are to investigate procedure and forms used by the Bureau of Internal Revenue, and to make recommendations in respect to simplification thereof, reporting to Congress on or before the first Monday in December of each year.

Capital Stock Tax

The capital stock tax provisions of the former law are retained. (Sec. 1,000.)

Regional Convention of the American Institute of Accountants

By GEORGE R. KEAST

(Manager, Pittsburgh Office)

AT last something has happened in Pittsburgh! We have had a Regional Convention of the American Institute of Accountants with sessions morning, afternoon, and night, banquet, speeches n'everything! It was held at the William Penn Hotel, December 3rd, 1921, and was attended by more than two hundred accountants.

Following the business session in the morning William H. Bell, of the firm of Haskins & Sells, presented a very interesting paper upon "Audit Reports."

At the afternoon session, A. L. Ashby, Counsel for the Westinghouse Electric & Manufacturing Company, and Professor of Commercial Law at the University of Pittsburgh, spoke

upon "Commercial Law in Relation to Accounting."

Charles Reittel, Head of the Accounting Department of the University of Pittsburgh, presented a paper upon "Production Costs as Affected by Mechanical Changes in Production Methods."

The afternoon session was concluded by an address upon "State Taxation" by P. A. Kennedy, Esq., formerly Taxing Officer Auditor—General's Department, Commonwealth of Pennsylvania.

The big event was the banquet. Mr. L. P. Collins was Toastmaster and presented the following speakers:

Carl H. Nau, *President of the Institute*

(Concluded on page 24)

Business and Financial Conditions in the United States

Abstracted from *The Guaranty Survey* of November 28, 1921, by A. P. Caldwell, Jr., of the New York office staff.

Conference on the Limitation of Armaments: The reduction of governmental expenditures which is expected from the limitation of naval armaments will represent a direct economic saving of immense significance. The gains would permit the nations to support programs of industrial and social betterment, and any lessening of taxation would release a larger share of private earnings for business undertakings.

Improvement in the Financial Situation: The extensive liquidation reflected by the federal reserve system has been followed by easier money conditions and a stronger investment market. The total of bills discounted on November 16, 1921, was \$1,198,019,000 or less than one-half of the total on November 5, 1920. In the last year the decline in federal reserve note circulation from the peak of December 23 has been \$1,006,707,000.

Lower Rediscount Rates: Federal reserve bank discount rates have been reduced in accordance with the progress of liquidation in their respective districts. The New York, Boston and Philadelphia banks now have a $4\frac{1}{2}\%$ rate, four others have a $5\frac{1}{2}\%$ rate, and the remainder 5% for all classes of paper. On November 3, the Bank of England lowered its rates from $5\frac{1}{2}\%$ to 5% . During the year practically every central bank in Europe has made some reduction in its discount rate.

Strength of Investment Market: In the first week of November more than two hundred bonds listed on the New York Stock Exchange reached new

high levels for the year. Victory $4\frac{3}{4}\%$ s touched par and marked advances occurred in all Liberty issues. A mixed list of forty listed bonds are 2.59 points above the level of a month ago and 4.59 points over the level of a year ago. The chief cause of the rise in the bond market is the decline in money rates, but a special factor is the small supply of new issues, other than municipals, as compared with the amount of capital seeking investment opportunities.

Foreign Bonds: So far this year foreign loans, exclusive of Canadian, Newfoundland and Philippine issues, to the value of \$343,000,000 have been placed in the United States. More than half of these issues were South American. During 1920 foreign issues amounted to only \$266,000,000 and included no South American issues. The absorptive power of the investment market still appears to be much greater than the volume of new securities offered. Recent foreign offerings were quickly subscribed and a \$50,000,000 issue of New York Telephone Co. 6s was oversubscribed almost ten times.

High Lights in the Industrial Situation: There are many evidences of the fact that domestic business in general has passed through the worst phases of depression and is gradually emerging from the deflation period. There is a decided betterment in the textile trades, and the shoe and leather industries report progress. New building construction continues on an expanding scale. Iron and steel output is increasing and the railroads are coming into the market for rails and equipment. Unemployment generally is decreasing and savings are increasing. (Continued on page 23)

The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. and Montgomery, for free distribution to members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of co-operation and interest and to help in the solution of common problems.

PARTNERS

WILLIAM M. LYBRAND	New York
T. EDWARD ROSS	Philadelphia
ADAM A. ROSS	Philadelphia
ROBERT H. MONTGOMERY	New York
JOSEPH M. PUGH	Philadelphia
WALTER A. STAUB	New York
H. H. DUMERILLE	New York
JOHN HOOD, JR.	Philadelphia
WALTER S. GEE	New York
T. B. G. HENDERSON	Chicago
HOMER N. SWEET	Boston

OFFICES

NEW YORK	55 Liberty Street
PHILADELPHIA	Morris Building
CHICAGO	Harris Trust Bldg.
BOSTON	261 Franklin Street
PITTSBURGH	Union Bank Bldg.
DETROIT	Book Bldg.
WASHINGTON	Union Trust Bldg.
SEATTLE	L. C. Smith Bldg.

Clients Century Club

In developing the series of articles for our JOURNAL giving briefly the history of those businesses among our clients which have been in continuous existence for approximately one hundred years or more, it has been interesting to discover the variety of such concerns. Earlier articles in this series have dealt with one of New York's oldest mercantile establishments, with the oldest bank in the Western Hemisphere, with probably the oldest iron mine in America still in operation, with one of the promi-

nent steel works of today which traces its origin back to humble beginnings about the time of the Revolution, with a company which constructed a toll bridge over the Susquehanna River in the early years of the nineteenth century, and with two different clock manufacturing businesses, both of which began in a very modest way about the time of the War of 1812 and at points less than 100 miles apart in the State of Connecticut.

This month we have the pleasure of presenting an article descriptive of one of the foremost department stores in New York City. This store, so far as we are able to learn, bears a firm name—Lord & Taylor—which has remained unchanged longer than any other in the great metropolis. While the business is now incorporated, the company was formed at a time when New York State permitted corporations to bear a style of name identical with partnerships. The present corporation laws now require the use of the appendage "Inc." to indicate that the name is that of an incorporated company. Companies incorporated prior to the passage of the present law, which had adopted a name similar to that of a partnership—there are many such companies in New York, the old name having been continued upon incorporation of a business formerly conducted by a partnership—are not, however, required to use the "Inc." Lord & Taylor is one of these companies.

Especially in America is the impression rather widespread that any business which has quite a history behind it must in the nature of things be somewhat old fashioned in its policies and methods and that it cannot be expected to be as up to date as businesses still enjoying their youth. Lord & Taylor is a striking illustration of how erroneous any such general impression may be.

The present store building is one of the finest in point of architecture and

adaptability to the business for which it is used in the country and therefore—inasmuch as America has been the leader in developing the possibilities of the department store—in the world.

Anyone visiting Lord & Taylor's store is impressed with the manner in which its business is conducted and with the perfection of the service given to customers. An instance of the progressiveness of the management was the first delivery of merchandise by airplane which was made by Lord & Taylor on March 11, 1919. The feat was widely heralded by the newspapers of the country as an "Epoch Making Step" and a "Proof of Airplane Delivery as a Practical Possibility of the Future."

The spirit animating the directing officers of the business is evident from the following extract from an address made a short time ago by Mr. Samuel W. Reyburn, the President of Lord & Taylor and of the Associated Dry Goods Corporation:

In a broad sense our civilization is the fruit of organized human efforts. The foundation of every real achievement is thoughtful, well-considered plans—based on full knowledge—carried out with never-failing industry—directed by trained intelligence. When you have these things, you have justice toward subordinates, confidence in leaders, and co-operation of the people engaged in the industry.

Studying Taxes

Under the above caption we urged in the November issue of the JOURNAL the importance of every member of our staff—even though not specifically assigned to the tax department at any of our offices—informing himself just as fully as possible about the income and profits tax laws, so as to understand their requirements, and how to prepare correct returns for tax payers.

On other pages of this issue is an article by Mr. Wakefield, of our Boston Office, on "Changes in the Revenue

Laws Effected by the Revenue Act of 1921" which should prove very helpful to every member of our staff. It is so clear and specific that to those familiar with revenue acts preceding that of 1921 it will be a great aid to a detailed study of the new act with the purpose of ascertaining in what respects it differs from preceding acts. Some of the changes are most important. Those who have not heretofore devoted as much attention to the subject of income taxes as they might will also find Mr. Wakefield's article of timely assistance in acquiring a working knowledge of important phases of the new act.

We hope to present from time to time in forthcoming issues of the JOURNAL notes from Mr. Wakefield's pen calling attention to important Treasury decisions and rulings of the month. These notes will not attempt to be complete discussions of such rulings but rather to call attention to them in such a way as to stimulate members of the staff themselves to look them up and study them in detail. At all of our offices are complete files of Treasury decisions and rulings which are available for reference and study by any member of our organization.

A Tribute

Recently, when going over our library at the New York office, we wrote to the Superintendent of Documents at the Government Printing Office in Washington to ascertain what publications, if any, the Government had recently issued relative to the income tax. The following reply was received:

"We do not feel that we can give any information to your firm relating to the income tax, as we have always thought that your Mr. Montgomery was the foremost authority in this country on that subject."

Making Periodical Audits of the Greatest Value to Clients

By PAUL E. BACAS
(New York Office)

A large portion of our work must of necessity consist of annual, semi-annual and quarterly audits. Unless the senior in charge of such examinations is versatile, there is a possibility that with constant assignment to the same client's office the work will become more or less routine and, in extreme cases, monotonous.

There are undoubtedly new problems which present themselves for solution in each examination. The accountant's ever increasing store of knowledge should enable him to make at least a part of his examination along lines which were not followed in previous examinations.

Weaknesses noted when verifying certain accounts or examining certain departments or records should suggest to the senior in charge where he can make an intensive study of, in some cases, only a few hours, which should result in valuable suggestions to the client.

For instance, a short time might be spent in the study of the system of internal check covering the cash

funds, the cash receipts and disbursements. A study might be made of the adequacy of the insurance carried including fire, casualty, burglary, automobile, surety, etc., etc., to ascertain among other things whether at any time the client carried too much or too little insurance. The accounts receivable might be investigated with special reference to the system of giving credit, making collections and following up accounts written off.

And so an endless list might be made of which a few items only will be mentioned, viz.:

- Taking and recording inventories
- Recording and paying accounts payable
- Preparing pay rolls and paying employees
- Receiving and delivery methods and records
- Plant records
- Control of books of original entry and methods of making entries therein.

Where this procedure is followed it results not only in making the work more interesting but, still more important, valuable material is accumulated for the report and in some cases the client is brought to a realization of the fact that system or special work can be done to advantage in his case.

Book Mention

Kester-Accounting Theory and Practice, Volume III. This volume unlike the first two volumes of this series is not devoted to the discussion of general accounting principles. It is devoted to an exposition and a discussion of the accounting principles in the following special lines:

- Organization for accounting control.
- Analysis of borrower's financial statements.

- Foreign exchange.

- Savings bank.

- Bituminous coal mining.

- Precious metal mine.

- Ranch cost.

- Malleable iron industries.

- Contractors.

- Coffee trade.

- Department store.

- Public accountant's offices.

- Advertising agencies.

- Hotel.

- Municipal.

It should be valuable to the auditor in giving ready information relative to the accounting procedure in the special lines treated therein.

OFFICE NOTES

BOSTON

THE open season is on or, rather, the closing season is coming on. Anyway, this down east out-post of the firm has snapped into it for fair. Duly fortified by large doses of the Colonel's latest edition and pre-digested versions of the New Revenue Act, all our staff members have fared forth to battle with the yearly problems that perplex clients seemingly innumerable. To this end we have recruited the following additions to the staff:

George S. Adams	R. G. Ladd
E. P. Bottomley	Jack Morrill
C. A. Clark	F. J. Venner
C. W. Gregg	E. B. Taylor

We challenge any other office to show so large a growth in December, either actually or relatively.

Speaking of closings, it may be of interest to mention an unusual case that recently came to our attention:

A Boston wholesale provision house with more than a dozen branches and annual sales running into seven figures, takes physical inventories every Friday night. All accruals are computed, the books are completely closed and before 1:00 P.M. on the following day detailed profit and loss statements for each of the departments are in the hands of the president. In the meantime, weekly statements are prepared and mailed to 2,500 customers who are expected to settle on a basis of net cash, 10 days. And all this is accomplished with a snap and a dash that is refreshing for an accountant to behold. In the words of the newspaper cartoonists, "Can you beat it?"

So New York is to have a new Federal Reserve Bank Building? It is being erected right opposite the headquarters of the firm, too, the Novem-

ber issue of the JOURNAL tells us. Must be that the builders thereof heard how the beauty of Boston's new Federal Reserve Bank building has been enhanced for the past year or so by the presence of our office just across the street. They choose well their neighbors, these banks. Such propinquity augurs well for the system.

Our office bulletin board boasts a bit of commendation in which we take a pardonable pride. It's a letter penned aboard the S. S. *Olympic* by Colonel Montgomery to Mr. Carl Keller. In it, among other things, he mentions the good impressions that the Boston staff made at Washington. Not the least among those impressions, by the way, was the awful dent we made in the pay-roll of a certain government department, thanks to the able assistance of the affable and aggressive manager of our Pittsburgh office. Even the people he fired liked him. He was almost too tender-hearted for the job.

OVERHEARD IN THE CORRIDOR

Little Junior (anxiously): "Oh say! Where can I get some dope about accounting for returnable containers?"

Big Senior (pompously): "What is the nature of the industry?"

Little Junior (impatiently): "Wire and Cable Factory."

Big Senior (with a sudden smirking smile): "Ah! You want some 'reel' information, I see."

Whereupon the Little Junior rushed away toward the library muttering something about the deterioration of New England wit.

Nothing diminishes the volume of office gossip so much as increased business activity, but we glean a bit as we rush in and out. Rumor hath it

that Walter Guild has blissfully engaged himself to a lucky lady in Worcester and that "Pop" Hughes is now compelled to do his household paper-hanging before sunrise because of the recent change in our "Zero" hour from 9 A.M. to 8:30. Breezes from the south whisper that Mr. Sweet has played his first game of golf. We knew he'd come to that if he lingered long among such fancy putters as Thompson, Sinclair and Marvin Haynes. He reports a score of 157, thereby indicating his mathematical mind. Mr. Lybrand states that this is the first time in history that a golfer remembered his initial score.

AN AUDITED VOUCHER

An artist, who was employed to renovate and retouch the great oil paintings in an old church in Belgium, rendered a bill for \$68.59 for his services. The church warden, however, required an itemized bill and the following was duly presented, audited and paid:

Repluming and regilding left wing of the Guardian Angel	5.18
Putting new tail and comb on St. Peter's roster	3.20
Mending shirt of the Prodigal Son and putting new ribbon on his bonnet	3.02
Washing the servant of the High Priest and putting carmine on his cheeks	5.02
Putting earrings in Sarah's ears	5.26
Decorating Noah's Ark and new head on Shem	4.21
Cleaning the goat skin on John the Baptist and making new ripples on the River Jordan	3.78
Taking the spots off the Son of Tobias	10.30
Putting new stone in David's sling and enlarging head of Goliath	6.13
Renewing Heaven and adjusting the Stars	7.14
Correcting the Ten Commandments..	5.12
Touching up Purgatory and restoring Lost Souls	3.06
Brightening up the Flames of Hell, putting new tail on the Devil and doing odd jobs for the damned	7.17

\$68.59

—"Exchange"—

CHICAGO

OUR school has again resumed after some months of inactivity. The new tax law will be taken up for several meetings. These meetings are being conducted by Judge A. E. Ford whose unselfish efforts in this regard are very much appreciated by the staff.

Miss Gilhuly has been sick for several days with a severe cold. Before she left she could hardly raise her voice above a whisper. While this would be an improvement to some accountants we have known, it detracted from her work at the switchboard.

All of the members of the Chicago staff who were on engagements in the East have returned, excepting Mr. Reynolds. While they are all delighted to be back they report that in one particular the west is woefully behind the times. This is in the field of Spanish athletics. While we play some football here it appears that they have developed the former sport to a remarkable degree, surpassing anything known here. They say Nou Yawk has picadors, matadors and torreadors that would make Madrid turn green with envy.

George Long has moved from his summer place and is now residing at the Lions Club.

A dreadful loss was narrowly averted the other day when our old friend Master Charles Rupert Nutter, being unaccustomed to carrying a bag, walked out of the elevated train and left his bag lying on the seat. The great loss sustained was explained by Charley when he came out of a deep swoon and was able to speak. It seems that the bag contained interalia a large number of *Chicago Tribune* "Cheer" coupons which Charley and his family had been collecting at great trouble and expense. While we are

glad to report that the bag was later found, our sympathies are extended to him because of the fact that the drawings were discontinued.

Edward J. Barr is back on the job again. During the recent *Chicago Tribune* drawings the Thompson restaurants were giving a "Cheer" coupon to every customer. Ed was going about from restaurant to restaurant with a large clothes hamper on his arm eating and collecting coupons. All went well for four days. On the fifth day as he was entering the thirty second restaurant and being dizzy from the enormous quantity of food he had consumed and from the weight of the basket, he slipped and fell, the basket crashing down upon him and pinning him to the floor. When three husky bystanders succeeded in lifting off the basket it was found that Ed had suffered a severe strain of the pons asinorum.

We cannot condemn too strongly these gambling contests. They are corrupting the youth of the nation.

Norman J. Lenhart has just returned from Washington where he has been on an important tax engagement. Mrs. Lenhart did not accompany him.

Contributions are now being received at this office for a fund to buy Mr. H. B. Clyde a box of safety matches. We wish to present these matches before the holidays as he will be away from the office and may wish to smoke.

We understand from some of the members of a prominent fraternal order on the staff that Bill Merkle has been preparing for some time to take the third degree. Bill got married a short time ago and from what information we can get he has enough

of third degrees and has abandoned the idea.

Harold Hoffman has lately been appointed wrestling instructor at the Oak Park Y. M. C. A.

Mr. C. H. Hawley, the Editor in Chief of the *Chicago Town Topics* of the L. R. B. & M. JOURNAL has been working for several months on the silk worm industry. Being curious to know what he was doing our reporter approached him and he gave out the following interview which we think will be of interest to our readers. Mr. Hawley stated,

"Unquestionably I am on the eve of announcing to the world one of the most important developments of modern times. My work among the silk worms soon convinced me of the remarkable intelligence of these little animals and in a short time I was able through careful selection and breeding to produce a worm of such mentality that I was able to communicate with it through the medium of graphic charts. From this point onward my work became easier. I was able to explain to these worms the enormous waste involved in producing only raw silk which took long and costly processes to convert into articles of use to mankind.

"I suggested to the worms that instead of producing merely raw silk they make directly stockings or sweaters or any other article of general use.

"The worms were at first reluctant to change their methods as they explained that they were of Chinese descent and in that country it was a matter of religion to respect the traditions of their forefathers, these traditions having been handed down from countless generations.

"I finally overcame this reluctance by explaining that we were now in America and no longer slaves to meth-

ods used in the past. In a short time my super-worms were turning out everything from automobile robes to the frailest and most delicate lingerie. They even put on the selling price if desired. The super-worms thrive best on cod-fish balls washed down with copious draughts of near-beer.

"Naturally this means the scrapping of all spinning and textile machinery and the throwing out of employment of thousands of dressmakers over the country. We predict that in the near future every family will have its busy little colony of worms making all the clothes with only a small outlay for codfish and beer."

We have given our word to Mr. Hawley that this interview will be kept confidential as Japan is so involved in the silk industry that if this were known it might excite her and disrupt the conference at Washington.

The girls in the office have become imbued with a commendable philanthropic spirit. Instead of exchanging Christmas presents they are contributing to a fund to bring a little cheer to some poor family.

Merry Christmas and Happy New Year to All

DETROIT

WE really cannot understand why our notes for last month did not reach the editor in time and can only suggest that with the Christmas mail rush on they are "hung up" somewhere and will be delivered, like the post card we read of the other day, fourteen years hence. (We thought of another excuse but this seemed the better one.)

Our Mr. Sheldon must have a huge Christmas "mailing list" as each noon he returns from lunch laden with packages. We believe we are not exaggerating when we say this.

Speaking of Christmas, we hope the little lady for whom Mr. Halter took back the present was delighted. "Teddy Bears" seem to be a favorite this year, as we have seen two more in the office since then.

Our report department reports that it heartily endorses the sentiments of Mr. Sweet in his article "Travelogue on Report Typing" in last month's issue, and states it wishes some of the "seniors" also would follow his advice.

We welcome Mr. C. J. Monahan to our staff.

On the facade of the new Detroit Public Library there are inscribed the names of famous Greek and Roman philosophers such as—Socrates, Plato, Archimedes, Cicero, Epictetus, etc. Recently a letter was addressed to one of the leading dailies rebuking the authorities for placing "foreigners' names thereon, and calling attention to the fact that the names of President Harding, General Pershing, etc., would be more appropriate and patriotic.

We wonder if the Editor will criticize us for putting a problem in the Christmas Number—(however, here goes—you don't have to solve it if you don't care to):

What is the lowest number which, if squared, will produce a number whose digits will be the square of another number, which itself is the square of a third number?

The answer will be given next month (we don't know it ourselves yet).

Sports for the home—Looking for a place to hide your Christmas presents so the other members of the family won't find them.

The following was handed to us as a contribution to the Christmas Number by a fair (?) member of our staff,

and the last stanza fittingly expresses the wishes of all the personnel of the Detroit office to the personnel of all other offices:

Life may not always seem rosy,
 But Christmas is the day
 When sadness should be forgotten,
 And all be bright and gay.
 Perhaps Santa makes us carefree,
 Or thoughts of "childhood's friend,"
 For "Dear Santa" is only a myth,
 As we find out in the end.
 The Season's Greetings we wish you,
 Merry Christmas, Happy New Year,
 May your day be crowded with pleasure,
 And your year with success and good cheer.

NEW YORK

MEETINGS of the New York staff will be held to discuss "Inventories" and "Taxes," as follows:

Thursday, December 15th, 5:45 to 7:00 P.M.—Mr. Staub will address the staff on "The Verification and Valuation of Inventories."

Tuesday, December 20th, 5:45 to 7:00 P.M.—Mr. Heacock will discuss the preparation of tax returns with special reference to the "Revenue Act of 1921."

Mr. A. A. Bourne has returned to New York after a long sojourn at Sherbrooke, Quebec. The French-Canadian fare seems to suit Mr. Bourne, as he is looking very well. By the way, those suits are really very nice; are there any more where those came from?

CONCERT BY STANLEY ADAMS

It is seldom that an opportunity presents itself to the members of our staff to meet in other than a business way. Such was the case, however, on the evening of November 29th when Stanley Adams of the New York office gave his second annual concert at Hotel McAlpin, assisted by Lou Olp, pianist. A good many members availed themselves of this occasion, being present with their friends, as

were also Mr. and Mrs. Lybrand and party and Mr. and Mrs. Dumbrille.

Mr. Adams, who has performed in various countries of Europe as well as Canada and the United States, in opera and concert, gave a remarkable display of his versatility by rendering songs in Italian, French and English from what appeared to be an inexhaustible repertoire. In many instances the artist prefaced the rendition of his solos by a brief description thereof, a unique idea adding considerably to the interest of his auditors. Our noted tenor was in unusually good voice and his choice of selections afforded ample opportunity for the display of its range and expressive quality. The close of each solo was greeted with well deserved applause though it would seem that "Amor ti vieta," "La Fedora" by Giordano, "Ouvre tes Veux Bleus," by Massenet, and "The Fool of Thule" by Pietro Yon, were especially favored, to say nothing of his encore numbers "Ma Lindy Lou" and a charming Irish song "My Colleen" by Elaine Sterne, which was sung for the first time at this concert.

Mr. Adams was fortunate in having the assistance of Miss Lou Olp, an artist of exceptional merit. Not only was her playing faultless but her pianologues brought especial delight to her audience. Her coyness in "The Naughtly Little Clock," "Apples" and "A Question of Bait" was pleasing to behold, while with "The Crafty Crocodile" she instilled fear into all her hearers.

At the conclusion of the performance a general introduction between the members present and their friends took place and the evening was voted a great success by all, thanks to Stanley Adams our artist contemporary.

H. E. B.

The relatives of our Mr. R. A. Winter came very near collecting his insurance money a couple of weeks

back. On his way down to the office the jitney in which he was riding was rammed by a 5-ton truck and although Winter carried with him one of the L. R. B. & M. portfolios it failed to withstand the shock and Winter was put out of business for a day or so. Those riding with him were less fortunate, some of them being very badly hurt.

"Winter" is still with us and by-the-way we had snow shortly after the accident.

Some of the "Old Boys"

The following former members of the New York staff of L. R. B. & M. attended Stanley Adams' Concert at the McAlpin Hotel on Tuesday, November 29th, last: J. J. Newman, A. G. Gumaer, J. J. Mehl, H. L. Keeler, A. C. Reimer, A. A. Alling, S. A. Holmquist, A. L. Beaujon, C. R. Binder and S. W. Caulfield.

It was good to meet them again and to know that they are all doing well.

We understand that the ladies of the Report Department are to indulge in the old-time pastime of a Christmas Grab Bag. Here's hoping that they will get what they want.

We have so many fascinating ladies in the Report Department that if the bag is a very large one it will not be surprising to see one or two of the juniors try to get into it—so ladies be careful.

L. R. B. & M. men continue to figure in the reports of doings of the Accountant's Post of the American Legion. We note in the December issue that Mr. Sinclair was re-elected Treasurer of the Post; also that Bischoff must be putting in 150% of his leisure time on work for the Post, as there are three separate references to activities on his part.

Incidentally, the Post seems to have exiled Mr. Sinclair to Brooklyn, as the December issue of "Accountants

Postings" gives his address as 3 Hawthorne Place, Brooklyn, N. Y. We are informed by good authority that this is a vile calumny as he neither lives in Brooklyn nor goes there except under compulsion. Brooklynites, please forgive him!

Mr. W. Robert McLees is a recent addition to our staff. Mr. McLees was at different times connected with those old established Philadelphia companies, the United Gas Improvement Company and the William Cramp & Sons Ship & Engine Building Company. He has also had experience in the engineering field.

Mr. McLees' duties will consist of special work in connection with the planning of assignments, improvements of office routine and files, and other matters of a like nature.

Mr. Kenneth C. Brown, who has been connected with our staff for some time, leaves shortly for his home town, Columbus, O., where he will continue in public accounting. We shall all miss K. C. as he has made many friends upon the staff, and he goes with our very best wishes for his future success.

Discovered!

The New York staff detective to one of the "Big men" on the New York staff, "If you're discovered you're lost."

The Big man, "Oh no, if I'm discovered I'm found."

And so Bischoff had to acknowledge that he was the author of "A Bomb of Life" which appeared in our last month's JOURNAL under the pseudonym "Bish."

The following was found in the letter box of the tax department and is printed for the enlightenment of those members of our staff who, for some unknown reason, have become

obsessed with the idea that tax men are not crazy* over their work.

Dear Santa Claus:—

I hope you won't forget me this year as I have been a good boy.

I would like a tree with lots of inadmissible and admissible assets, some realization of appreciation due to depreciation, and if possible some amortization of war facilities together with some consolidated returns covering fiscal years and including income from government contracts; copy of a Manual of Oil and Gas Wells as well as Hoskold's Formula, and a book on the economic concept of income, also some subsidiary companies that are organized under and pay taxes to a foreign country as well as some depletion of mines based on March 1, 1913, values and an instalment company that reports under T.D. 3082.

I have asked only for things covered by the Federal Law but mother says if I am a good boy maybe for my birthday you'll bring me some New York State Franchise, Capital Stock Tax, New York State Personal, Massachusetts State Tax and Pennsylvania State Tax books.

Hoping you will not forget me.

Your

Little Harold.

P.S. I have a friend who is also on our staff, but not in the tax department. He would like a boat, a cannon, a bicycle, and an automobile.

Kester's Accounting Theory and Practice, Volume III, which is just out, contains fifteen chapters, twelve of which were contributed by accountants who collaborated with Mr. Kester. It is interesting to note that in addition to Mr. Bacas the following men formerly connected with our organization have contributed chapters making a part of this volume—Byrnes, Neubauer, Scholz and Woolhouse.

Colonel Montgomery returned on the 9th on the S. S. *Aquitania* from a flying trip to France. The Colonel is looking well and appeared rested after his strenuous time at Washington in connection with the Shipping Board work. We shall be glad to have him with us in New York again.

*Crazy is right.

Mr. Lybrand and Mr. J. O. Wynn, Colonel Montgomery's Secretary, both lost relatives in the serious railroad accident which recently occurred near Philadelphia on the Chester branch of the Philadelphia & Reading Railroad. Mr. Lybrand lost a cousin and Mr. Wynn a brother-in-law.

We are pleased to see the face of our genial personnel manager, Mr. P. E. Bacas, amongst us once more after a lengthy stay in Washington. The Capital evidently agreed with him, as he informs us he has put on weight, in spite of working at high pressure while there.

PITTSBURGH

THE Pittsburgh Office recently enjoyed a visit from Mr. T. Edward Ross, who was one of the speakers at the dinner held in connection with the regional convention of the American Institute of Accountants. A brief account of the convention appears elsewhere in this issue of the JOURNAL.

Mr. Keast is again at his desk, none the worse from his three months' sojourn in Washington except for a number of golf "experiences" of which we have heard rumors. Now, no doubt, things will begin to "happen" so that the editor will temporarily have to abandon his trip to Pittsburgh for a "period of quiet retirement."

New members of the staff and office force include Messrs. A. J. Muir, J. E. Johnson, O. M. Lewis and Miss L. Clarkson.

Upon her return from Chicago Miss Greene did not comment upon her trip to our Chicago office but since she is anxious to make the trip again her reception must have been "royal."

SEATTLE

AT a meeting of the Washington State Society of Certified Public Accountants, held on Monday evening, November 28th, 1921, it was reported that the advertising campaign which is to be carried on under the name of the society during the year of 1922, had been subscribed to by all the local firms of accountants in Seattle.

The Seattle Chapter of the National Association of Cost Accountants held its monthly meeting Wednesday evening, November 30th, 1921. The discussion relating to "Printing Costs" was led by Messrs. W. C. Parsons and E. G. Koch of the United Typothetae of America, who outlined the procedure of this organization with regard to the standardized cost systems they have been installing in the printing industries throughout the United States and Canada.

Seventy-five per cent of the staff of the Seattle office are graduates or one time students of Harvard University. How does the Boston office line up with this percentage?

It is rumored that Mr. Bober is about to blossom into print again as the Industrial Management magazine wishes to print another of his articles. He is at present incapacitated, a broken right hand being the result of a miscalculated jump over a gym horse.

WASHINGTON

WE were keeping in the closest touch with the developments and changes taking place daily in the 1921 revenue act on its way through the two houses of Congress and the conference committee. While we did not pretend to prognosticate the action which would finally be taken on any particular point, we were able to answer at any time any question as to the present status of any matter entering into the new revenue act.

The Washington Office was quite pleased the other day to receive a visit from Mr. Gee. We regret to have to say, however, that he did *not* leave his photograph for our "gallery."

Miss Kissinger gave her first recital Sunday afternoon, December 4th, at the studio of Colin Clarke White.

The Washington Office feels it has been paid quite a compliment by the Boston Office in having Mr. Elwell sent here for a month's training along "Bureau procedure" lines.

COMMENDATION

At a recent conference held at the Bureau, attended by Mr. Oliver of the New York staff, the remark was made by one of the conferees that his Section would like to congratulate L. R. B. & M. on the excellent manner in which arguments were set forth in their briefs.

Business and Financial Conditions in the United States

(Continued from page 12)

National Road-Building Project:

The construction of more than 6,000 miles of highways in thirty states at a cost exceeding \$75,000,000, in accordance with the new federal highway act, will probably not only provide employment for thousands of workers, but will also prove a stimulus to increased activity in many lines.

Reparation Payments: Three opinions are current in Europe regarding the future of these payments. One considers Germany virtually insolvent. Another sees Germany deliberately feigning insolvency and points to German industrial prosperity and individual wealth. To the third point of view the matter of primary importance is the probable effect upon international trade and finance of the huge transfers of goods and service necessitated by the reparations payments.

General Situation Abroad: In the

last five months Great Britain's foreign trade has shown a pronounced tendency toward the equalization of exports and imports. The French government is making drastic efforts to cut expenditures to estimated revenues. Dissatisfaction with state railroad, telephone and postal services has aroused a demand for effective business management in these lines. The award of important sections of Upper Silesia to Poland will have a very important effect on the economic future of Germany. Considerable apprehension is felt regarding the ability of Germany successfully to meet her external obligations and reorganize her financial system. The situation in Russia is practically unchanged. The aid being rendered by the American Relief Administration may weigh as an important factor when trade is resumed. Trade conditions in South America continue to improve.

Regional Convention of the American Institute of Accountants

(Continued from page 11)

- A. P. Richardson, *Secretary of the Institute*
 M. Hoke Gottschall, *Chief of the Bureau of Statistics and Information, Commonwealth of Pennsylvania*
 T. Edward Ross
 A. B. Wright, *Dean of the University of Pittsburgh*
 Daniel C. Roper, *Former Commissioner of Internal Revenue*

Mr. Nau told of the activities of the Institute in connection with the Capper bill now pending in Congress, which when enacted will provide the District of Columbia with a C. P. A. law similar to those enacted by the majority of the states. Incidentally it will eliminate a company organized recently under the laws of the District of Columbia for the purpose of selling gullible persons C. P. A. certificates for ten dollars.

Mr. Richardson said that accountants, necessarily, must deal with facts but that he was not an accountant and therefore was able to prophesy the glorious future of the Institute.

Accustomed as accountants are to figures, those present were somewhat dazed by Mr. Gottschall's rapid fire of statistics. In addition to many other figures he gave the economic loss in Pennsylvania resulting from the use of the beehive type of coke ovens, the production of gasoline and graphically illustrated the quantity by stating the number of automobiles it would take across the continent and back. We were surprised to learn that Pennsylvania's production of chewing gum and candy was enormous and that we lead the United States in the production of artificial silk and false teeth. Probably the false teeth result from the chewing gum and candy.

Although he disclaimed any intention of speaking upon the "Development of the Accounting Profession" which was the subject assigned by the Toastmaster, Mr. T. Edward Ross entertained us with an account of his early experiences and his portrayal of the conditions under which he worked in those days vividly illustrated the growth of the accounting profession.

Dean Wright's account of the Government of Japan in its relation to the Disarmament Conference was most interesting and informing.

Daniel C. Roper spoke on "Accountancy in Peace and War" and acknowledged the valuable assistance he received from the committee of accountants, organized by him to assist in an advisory capacity in interpreting the 1917 Revenue Act. Mr. Roper discussed the new revenue act and commented upon the fact that the present administration prior to election, had promised that the income and excess profits tax laws would receive a thorough baptism of rejuvenation, whereas, in his opinion, it had merely received a sprinkling.

